

CODE SET ASSESSMENT

Provided by WorkSmart MD, Inc.

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Standardization of Transactions and Code Sets (finalized 10/17/2000)

The HIPAA standards for electronic transactions and code sets establishes standards for the electronic exchange of administrative and financial healthcare transactions. These standards apply to all organizations where patient information is initiated, stored, processed or exchanged. The goal of these standards is to allow for increased communication between healthcare organizations resulting in improved efficiency and effectiveness throughout the healthcare industry.

Why code sets are a significant requirement of HIPAA compliance

Standard code sets are required to support the electronic transactions identified by HIPAA and defined in detail through the [Standards for Electronic Transactions](#) and [associated implementation guides](#). Implementing standard code sets will eventually cause a reduction in training time, allow records to be audited more easily, and provide an overall simplification of the medical system.

HIPAA regulations apply to all transactions and code sets regardless of delivery (internet, diskette, tape, or any other electronic media) or method of submission (mail, delivery, etc).

STANDARDIZATION OF CODE SETS	Yes	In Process	No	Not Applicable	Don't Know	Comments
Does your organization use ICD9 Volume 3 Procedures for billing or paying hospital inpatient procedures?						
Does your organization currently use HCPCS Level 3 or local codes for billing or payment?						
Does your organization use J codes and X,Y,Z codes for billing or payment?						
Does the staff receive routine training on current coding practices?						

CODE SETS

As outlined in the final rule for Standards for Electronic Transactions (162.1000 Subpart J) the following have been specified as the Standard Code Sets:

- a) ICD-9-CM volumes 1 & 2, for Diseases, Injuries, Impairments, Other health problems and causes.
- b) ICD-9-CM volume 3 for Prevention, Diagnosis, Treatment and Management.
- c) NDC for Drugs and Biologics.
- d) Code on Dental Procedures and Nomenclature.
- e) HCPCS CPT-4 as maintained by the American Medical Association for Physician services and various other related services.
- f) HCPCS as maintained by HHS for Medical supplies and other services.

Due to the complexity of the implementation guidelines and various uses of code sets by providers, the approach a provider will follow to achieve compliance, using the Standard Code Sets or using a clearinghouse to translate the codes will be decided through their assessment of each particular circumstance.

Code Set Standards for HIPAA	
A. Diseases, injuries, impairments, other health-related problems and their manifestations and causes of injury, disease, impairment, or other problems.	
	ICD-9 (volumes 1 and 2)
A. Procedures or other actions taken to prevent, diagnose, treat, or manage diseases, injuries, and impairments	
Physician services; physical and occupational therapy, radiologic procedures and more...	Combination of HCPCS and CPT-4
Inpatient hospital services	ICD-9 (volume 3)
Dental services	CDT
C. Other health-related services (e.g. equipment, supplies, injection drugs, transport services, orthotic and prosthetic devices)	
	Alpha-numeric HCPCS
D. Drugs and Biologics	
	NDC

Each provider organization that uses standard electronic transactions has several options for implementing the standard code sets. A few of the scenarios are listed below.

1. The Provider may already use the standard code sets. In this case, there is no issue on the content of these code sets, since the data is ready to be formatted into standard transactions.
2. The Provider may use a clearinghouse or an internal process for transaction. For these providers, the translation process may be ambiguous because the clearinghouse or internal process translates the code sets and then formats the data into standard transactions.
3. The Provider could implement the standard code sets before the data reaches the administration and financial systems, potentially at the point of entry into their data systems. Once these changes are complete, the codes are ready to be formatted into standard transactions. In this scenario, a complete solution would implement the standard code sets from the point where the code is entered into the system. However, this might impact many independent application systems and the data files associated with them.